

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Inbound EMS 2

Docket No. CP2021-128

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE TO CHANGE
RATES NOT OF GENERAL APPLICABILITY FOR INBOUND EMS 2

(August 18, 2021)

The Public Representative hereby provides comments pursuant to the Commission notice initiating this docket.¹ In that notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice to change Rates Not of General Applicability for Inbound EMS 2.²

The Postal Service's Request includes an Application for Non-public Treatment, a public (redacted) version of the new rates for Inbound EMS 2, a certification of compliance with 39 U.S.C. § 3633(a), a public (redacted) version of the Governor's Decision, a public (redacted) Pay-for-Performance (PfP) Plan for 2022, and a public (redacted) PfP Report Card for CY 2020. The Postal Service filed the unredacted versions under seal along with supporting financial data.

The Commission previously determined that Inbound EMS 2 is appropriately classified as a competitive product in Order No. 162 and Order No. 1822. Notice at 2. Since 2010, the Commission has annually approved changes in rates not of general applicability for Inbound EMS 2 that are effective each January 1. Notice at 2. The new

¹ Notice and Order Concerning Changes in Prices for Inbound EMS 2, August 11, 2021.

² Notice of the United Postal Service of Filing Changes in Rates Not of General Applicability for Inbound EMS 2, and Application for Non-Public Treatment, August 10, 2021. (Notice)

rates are intended to be effective January 1, 2022. Notice at 1. The Postal Service maintains that the rates are supported by Governors' Decision No. 19-1.³

To illustrate compliance with 39 U.S.C. § 3633, the Postal Service submitted financial data detailing the cost coverage with the maximum discount applied to all foreign posts. Notice at 3.

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, supporting attachments, and the financial data filed under seal. Based upon that review, the Public Representative concludes that the new rates will continue to generate sufficient revenue to cover costs and thereby satisfy the requirements of 39 U.S.C. § 3633(a).

Sufficient Revenue Requirement. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

Based upon a review of the financial data, the new rates for Inbound EMS 2 will continue to generate sufficient revenue to cover costs and therefore meet the requirements of 39 U.S.C. § 3633(a). In Order No. 5660, the Commission ordered the Postal Service to provide a detailed calculation of the penalties and revenue lost for future rate changes. Even though the Postal Service did not provide detailed calculations as envisioned by the Commission for CY 2020 or CY 2021, the Postal Service correctly applied the penalties using the most recent pre-pandemic data from CY 2019. In Order No. 5660, the Commission also ordered the Postal Service to provide a list of participating PfP countries and the Postal Service submitted such information for CY 2022. In addition, the Postal Service detailed cost coverage

³ Decision of the Governors of the United States Postal Service on the Establishment Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, February 7, 2019 (Governors' Decision No. 19-1).

scenarios with the minimum and maximum discount applied. With the maximum discount applied and all penalties included, the new rates for Inbound EMS 2 still provide sufficient revenue to cover costs.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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